

Message Text

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PAGE 01 QUITO 00233 092144Z

22-12

ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 FEA-01 AID-05 CIAE-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 DOTE-00 /092 W

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R 092048Z JAN 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 8585

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMCONSUL GUAYAQUIL

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

UNCLAS QUITO 0233

FOR COMMERCE

E.O. 11652: N/A

TAGS: BEXP, ECON, ETRD, EFIN, EC

SUBJECT: EXTENSION OF TEMPORARY BAN ON VEHICLE IMPORTS

REF: 75 QUITO 4032

1. GOE MONETARY BOARD ANNOUNCED JAN 3 ITS INTENTION TO
EXTEND THE TEMPORARY PROHIBITION ON IMPORTING CARS FOR
THREE ADDITIONAL MONTHS, I.E., UNTIL MARCH 31. WITH EXTENSION,
SO-CALLED TEMPORARY BAN WILL HAVE BEEN IN EFFECT TEN MONTHS.

2. THE CONTROLLING REGULATION 819 CONTINUES TO INCLUDE ALL
PASSENGER CARS, BLAZERS AND VANS BUT NOT JEEPS OR CAR
DESTINED TO BE TAXIS.

3. REASON GIVEN FOR THE BAN IS EXCESSIVE IMPORTATION OF
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CARS DURING FIRST FIVE MONTHS OF 1975, TRYING UP PORTS AND

CUSTOMS. HOWEVER, RECOGNIZING THAT THE ORIGINAL CONDITIONS HAVE BEEN ALLEVIATED THE GOE MAINTAINS IT IS TRYING TO CONTROL GROWTH EXPANSION AND MAINTAIN INTERNATIONAL RESERVES.

4. THE PRESIDENT OF THE QUITO CHAMBER OF COMMERCE DOES NOT ACCEPT THE INTERNATIONAL RESERVES RATIONAL. HE MAINTAINS THAT THE PUBLIC WILL USE A HEAVY-DUTY PERMITTED TRUCK WHEN A LIGHT WEIGHT PROHIBITED TRUCK WOULD SERVE, THEREFORE INCREASING THE USAGE OF GASOLINE AND NOT THE DECREASE AS HOPED BY THE GOE.

5. EFFECTIVENESS OF BAN: ALTHOUGH ONE WOULD SUSPECT THAT CAR SALES HAVE DRIED UP IN QUITO THAT DOES NOT SEEM TO BE THE CASE. LENDING CREDENCE TO THE GOE'S ORIGINAL COMPLAINT OF A BACKLOG IN THE PORT OF GUAYAQUIL, NEW CAR SALES ARE STILL BEING BRISKLY PROMOTED IN QUITO AND NEW CARS ARE APPEARING ON THE STREETS. IT IS ESTIMATED THAT APPROXIMATELY 5,000 NEW CARS WERE ON THE DOCKS WHEN THE BAN WENT INTO EFFECT IN JUNE AND SLOW PROCESSING HAS ALLOWED A STEADY STREAM OF NEW CARS INTO THE MARKET.

HEMENWAY

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